



Onions



Key takeaways



Price outlook



- Dehydrated onion prices in India remained firm during the first quarter. The 2019/20 summer crop is reported to be delayed by a month, owing to unseasonal rainfall. Carryover stocks from the previous crop are depleting quickly, resulting from processing restrictions amid the coronavirus outbreak. Prices increased over the past month and will likely soften over the medium term on the expectation of higher production this season.
- Egyptian and Chinese onion prices increased by c. 5-10% versus last month, following the Indian market trend.

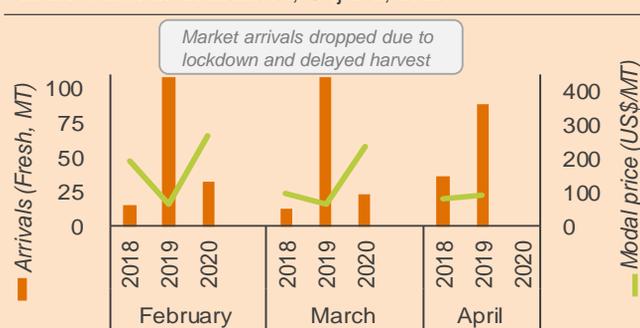
Short term: →
 Medium term: ↓
 Long term: ↓

Supply dynamics



- Last month, the Indian government lifted the ban on the export of fresh onions, which had been imposed for 6 months. This decision was based on the expected increase of production this season.
- Indian farmers expanded the summer (Rabi) crop because of good price development from last year. Rumors circulate that c. 30% higher production is expected. The harvest started in Mar-20 and will finish by the second half of May. Despite the country's lockdown, 100 plants have been allowed to resume operations; processing is not at full capacity.
- In Egypt, farmers will start harvesting the white onion crop next month and a 10% increase in production is expected.

Market arrivals in Mahuva, Gujarat, India



Price trends



- The local market showed a drastic fall in fresh onion prices on the account of good supply and weak demand over the past 3 months. In contrast, the extended lockdown has limited dehydration processing activities in India, resulting in a price increase in dehydrated onions during Mar-20. The local market is offering c. 2,300 US\$ /MT for onions kibbled quality CIF Rotterdam, up by c. 10% versus last month.
- Following the same price trend, Chinese and Egyptian processors are offering 5-10% higher prices, although these local markets showed little export issues so far.
- Overall prices are expected to ease in the next 2-3 months due to good supply from both India and Egypt. Needless to say, this also depends on the spreading of coronavirus in origin and consuming countries.

Indian onions kibbled CIF EBP (US\$/MT)

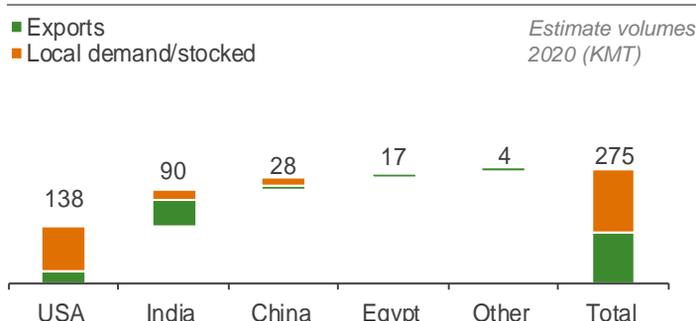


Key quality price levels¹



Quality	US\$/MT	Change (%)
Onion Kibbled India	2,300	9.5%
Onion Kibbled Egypt	2,500	8.7%
Onion Minced India	2,400	9.1%
Onion Minced Egypt	2,600	8.3%
Onion Powder India	1,900	5.6%
Onion Powder Egypt	2,300	9.5%

Production and export by origin



Various



Garlic



- China is the largest producer and exporter of garlic. This origin exports c. 200 - 210KMT of dehydrated garlic per annum and accounts for more than 80% of global trade volumes. The main destinations are the US, Germany and Japan. However, due to the US-China trade war, the export volume to the US dropped significantly by c. 30% yoy in 2019. Furthermore, the US import demand remained weak during Q1-20, showing a 50% decrease versus last year.
- The harvest will start between May-Jun-20 and total crop size is expected to increase by c. 20% on the account of favourable weather this season.
- Although export demand to Europe and the US has been recovering after China restarted its operations, prices for garlic flakes dropped somewhat. The local market is offering c. US\$ 1,880/MT FOB Qingdao, down 3-5% versus last month, and c. 18% lower than last year. As a result, Chinese farmers are reluctant to continue growing garlic.
- The local stocks remain high due to the large expansion of planted areas since 2017. Traders and processors are trying to release their stocks before the new season starts. Furthermore, dehydrated garlic from the previous crops continues to lose its value and is being offered at lower price levels. The flaking season will start in July and lasts until October.
- Overall further pressure on local prices is expected when the new crop materials hit the market next month.

Chinese garlic flakes FOB Qingdao (US\$/MT)



Various



- The **red bell pepper** crop is developing well in the main growing area of the Inner Mongolia region. The harvest will commence in Aug/Sep-20. Prices increased by c.10% compared to last month due to strong demand from the local industries and for export. The local market is offering c. US\$ 4,380/MT CIF Rotterdam. In the coming period, some pressure on prices is expected as a result of good crop arrivals during harvest.
- Similarly, prices for **green bell pepper** flakes 9x9 mm also increased by some 3-5% and are now being quoted at c. US\$ 3,480/MT CIF Rotterdam.
- Although increased production is expected this year, the supply of **tomato** flakes was limited during the first quarter, impacted by the COVID-19 issues. Tomato flakes 9x9 mm prices were up by c. 5-10% over the past month. The market is offering c. US\$ 3,750/MT CIF Rotterdam.
- Turkish **Oregano** leaves prices remained firm, showing good demand for Pyrrolizidine alkaloids (PA) guarantees. Offers for oregano leaves 2-4 mm are at €3,500/MT CIF Rotterdam. The upcoming harvest will start in Jul/Aug-20 and the crop is developing quite well, supported by favourable weather so far.
- The availability of sage in Turkey is less due to quality issues on PA and heavy metals.
- The supply of **parsnip** and **cabbage** from Eastern Europe remained relatively tight. The new crop materials are only available from Aug/Sep-20.

Chinese red bell pepper CIF EBP (US\$/MT)

